

IRS



News Release

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IRS PROVIDES GUIDANCE ON GASOLINE STATION PUMP CANOPIES

WASHINGTON – Using the Industry Issue Resolution (IIR) Program, the Internal Revenue Service today issued new guidance on the treatment of gasoline station pump canopies.

The IRS issued Revenue Ruling 2003-54, which provides that the gasoline pump canopies described in this revenue ruling are not inherently permanent structures and are classified as tangible personal property includible in asset class 57.0 of Revenue Procedure 87-56 for depreciation purposes. Depending upon the depreciation system used, the cost of the canopies can be recovered over either five or nine years.

The supporting concrete footings used to anchor the gasoline pump canopies are inherently permanent structures classified as land improvements includible in asset class 57.1 of Revenue Procedure 87-56 for depreciation purposes. Depending upon the depreciation system used, the cost of the concrete footing to which the canopies are attached can be recovered over either 15 or 20 years.

This clarifies the question of the appropriate depreciation treatment for tax purposes of gasoline station pump canopies and the concrete footings. Prior to this revenue ruling, there had been some confusion as to the appropriate recovery period used in computing the depreciation deduction for such canopies.

According to industry estimates, about 90 percent of gasoline stations use this type of pump canopy.

The revenue ruling provides guidelines for taxpayers to employ in the event there is a change in the treatment of the cost of gasoline pump canopies or the cost of the supporting concrete footings. Any change in method of accounting would require adherence to the provisions of §§ 446 and 481 and the applicable regulations.

The IIR Program, launched in 2001 by the IRS, tackles tax issues submitted by taxpayers, associations and other groups representing businesses. The objective is to resolve frequently disputed or burdensome tax issues more efficiently.

Revenue Ruling 2003-54 will be in Internal Revenue Bulletin 2003-23, dated June 9, 2003, and will be posted on the IRS Web site, www.irs.gov. Information on the IIR Program is found in Revenue Procedure 2002-36, also available at the Web site.

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